

The financial planning education and training agenda in Australia

Ken Bruce^{a,*}, Rakesh Gupta^b

^a*School of Commerce & Law, CQ University Melbourne, Victoria 3000 Australia;*

^b*Griffith Business School, Griffith University, Queensland 4111 Australia.*

Abstract

Against a backdrop of financial services reform and uncertain economic times, attention has been focused on the competence of financial advisers. This paper examines the current training and education standards set by the Australian Securities and Investments Commission and those set by professional bodies such as the Financial Planning Association of Australia. It provides a comparison of the state of regulation of financial planners in the United States with the recent report released by the Government Accountability Office (GAO). The paper suggests that minimum training standards set by the Australian regulator have allowed private education providers to capture the training and education agenda away from the profession with the result that financial planning in Australia may not yet be a profession, but simply an industry. © 2011 Academy of Financial Services. All rights reserved.

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1. Introduction

Financial planning is a relatively new profession in Australia and relatively new to academia (Cull, 2009), with little research interest and activity from universities. Australian universities have not yet embraced financial planning as a discipline worthy of research (Matchett, 2009). There have been relatively few research higher degrees awarded in

* Corresponding author. Tel.: +61 3 8662 0582; fax: +61 3 9639 4800.

E-mail address: k.bruce@mel.cqu.edu.au (K. Bruce).

financial planning in Australian universities and many of these have been classified under the 'finance' or 'accounting' areas.

Since the promulgation of the Financial Services Reform Act (2001) and subsequent release of Policy Statement 146, now known as 'Regulatory Guide 146: Licensing: training of financial product advisers' (RG146), by the Australian Securities and Investments Commission (ASIC), little research has been done on the training and education courses that have resulted from this reform. Cowen, Blair, and Taylor (2006) provided an analysis of all dedicated financial planning courses available at universities in Australia. The most important finding of this study was that of the 38 publicly funded universities in Australia, only 12 offered dedicated financial planning courses. Only one of those 12 was from the established 'Group of Eight' universities (Cowen et al., 2006).

This paper does not attempt to assess the quality of training and education offered by private providers compared with universities, but rather to point out that most financial advisers are receiving their training via private providers. Further, that this is the case because the regulator has set minimum training requirements that are delivered in the vocational education and training sector, where private providers are most prevalent. This paper argues that the lack of higher education qualifications among the trained financial adviser workforce does not help develop the profession. Paradoxically, it was reported (Matchett, 2009) that many of the staff of the failed Australian Financial Services Licensee Storm Financial Planning had masters degrees.

This paper will provide analysis of the Australian regulator's training register to argue that the regulation of training and education standards for financial advisers in Australia has allowed private providers to capture the training and education agenda.

2. Regulation of training for financial advisers in Australia

Under Australian Corporation Law, any business or person that offers or advises about financial products must be an Australian Financial Services (AFS) license holder, a director or employee of a AFS license holder, or an Authorised Representative of an AFS license holder (ASIC, 2010). AFS Authorised Representatives may be individuals or businesses. All individuals who provide financial product advice to retail clients must meet the training standards subject to certain limited exemptions (ASIC, 2008).

These minimum standards were developed through a process of extensive industry consultation. Practitioners, principals, educators, and others with an interest in financial advising formed focus groups and other forums in a process of developing and validating these standards. The standards were influenced by competency standards prepared by Professor Bill Birkett on behalf of the Financial Planning Association of Australia (FPA) in 1996. At the time, development of a set of professional competencies was considered important in defining a profession and as a framework for relationships between practice, education and training (Birkett, 1996, cited in Jacking and Sullivan, 2007). Although there is no universally agreed definition of a 'profession,' the Australian Competition & Consumer Commission (ACCC) has adopted the definition supported by Professions Australia:

Table 1 Knowledge and skill requirements adapted from ASIC RG146

| Knowledge requirements | Skill requirements |
|---|--|
| Generic knowledge covering: <ul style="list-style-type: none"> • The economic environment • Operation of financial markets • Financial products | 1. Establish relationship with client. 2. Identify client objectives, needs and financial situation. 3. Analyze client objectives, needs and financial situation and risk profile. |
| Specialist knowledge covering: <ul style="list-style-type: none"> • Financial planning • Securities • Derivatives • Managed investments • Superannuation • Insurance—general, life, and broking • Deposit products and noncash payments products • Foreign exchange • First home saver accounts • Margin lending facilities | 4. Develop appropriate strategies and solutions. 5. Present appropriate strategies and solutions to the client. 6. Negotiate financial plan/policy/transaction with the client. 7. Coordinate implementation of agreed plan/policy/transaction. 8. Complete and maintain necessary documentation. 9. Provide ongoing service. |

This table lists the knowledge and skill requirements that are part of ASICs RG146:Licensing:training of financial product advisers.

“A profession is a disciplined group of individuals who adhere to ethical standards and who hold themselves out as and are accepted by the public as possessing special knowledge and skills in a widely recognized body of learning derived from research, education and training at a high level, and who are prepared to apply this knowledge and exercise these skills in the interest of others. It is inherent in the definition of a profession that a code of ethics governs the activities of each profession. Such codes require behavior and practice beyond the personal moral obligations of an individual. They define and demand high standards of behavior in respect to the services provided to the public and in dealing with professional colleagues. Further, these codes are enforced by the profession and are acknowledged and accepted by the community” (Professions Australia, 2010)

Examples of professions cited on the ACCC Website include: health-related professionals such as doctors, dentists, physiotherapists, podiatrists, pharmacists, and nonhealth-related professions such as architects, engineers, veterinarians, surveyors, and lawyers (ACCC, 2010).

ASICs RG146 specifies generic knowledge areas, specialist knowledge areas, and skill requirements all in the context of product advice. The knowledge requirements are listed in Table 1. Knowledge requirements comprise generic knowledge and specialist knowledge. Generic knowledge covers areas such as the economic environment, operation of financial markets and knowledge about financial products. Among the specialist knowledge areas, financial planning is listed as covering theories behind the use of the products listed above as well issues such as the legal environment, taxation and estate planning. The skill requirements are also shown in Table 1. The intent is that advisers should be able to apply appropriate skills to their activities and the products and markets in which they operate (ASIC, 2009). However, advisers providing general advice only are not required to demonstrate they have these skills requirements (ASIC, 2008).

These training standards are met by satisfactorily completing training courses listed on the ASIC Training Register, which is administered by Learning Advisory Services Australia Pty Limited (LASA) on ASICs behalf (ASIC, 2010).

The training courses must be in areas relevant to the advisory activities of the individual and are at either Tier 1 or Tier 2. Tier 1 is the higher level and the level that financial advisers would be required to attain. Tier 1 training courses are considered broadly equivalent to diploma level in the Australian Qualifications Framework (AQF, 2009). This does not imply that a full diploma course is required for accreditation, but rather that the level of the training must be at diploma level. Australia's vocational education and training (VET) system, in response to this, has developed specific award courses that meet Tier 1 requirements, such as the Diploma of Financial Services (Financial Planning). However, many of the providers on the ASIC Training Register have simply developed training programs specifically addressing the RG146 knowledge and skill areas. Some of these courses can be completed in two weeks. Universities have either developed dedicated programs with a major in financial planning (or advising) and/or have developed individual subjects often used as electives in degree programs or simply as standalone, nonaward subjects, and these have been accredited against RG146 Tier 1 requirements.

3. Certification standards set by the profession

In Australia, there are three main professional bodies offering financial planning training and education: the Financial Planning Association of Australia (FPA), CPA Australia, and the Institute of Chartered Accountants in Australia (Cull, 2009).

The FPA is the peak professional body for financial planning in Australia,¹ representing approximately 12,000 individuals and businesses. The FPA claims that more than 9000 of its 12,000 members are practicing financial planners (FPA, 2009).

The evolution of financial planning in Australia was strongly influenced by the U.S. model and in particular the Diploma of Financial Planning (DFP) offered by the International Association of Financial Planners (IAFP), which was very much developed from education materials of the Denver-based College of Financial Planning (Cowen et al., 2006). The IAFP was formed in 1984 and joined with the Australian Investment Planner's Association (AIPA) in 1992 to become the Financial Planning Association of Australia. The DFP was the first financial planning education program available in Australia and was first offered in 1988 as a six-module program. A seventh module was added in 1993 with a capstone module on financial plan construction being added in 1994.

The basic framework of the DFP stayed essentially unchanged until it was replaced in the education market by the Diploma and Advanced Diploma in Financial Services in 2003. These programs have been offered mainly by private education providers as registered training organizations with less being offered by State-funded Technical and Further Education Colleges. The FPA, in anticipation of a changing education market place and in its efforts to raise the standards to practice as a Certified Financial Planner (CFP),² introduced the CFP Education Program in 1999. That program, now known as the CFP Certification Program, comprises five units, two of which are compulsory; the first unit on ethics and the

last, a capstone assessment unit. The other units focus on technical and strategy development aspects and can be exempt if candidates have completed accredited studies at masters level.

The early financial planning courses offered by universities in Australia were accredited by the FPA against topic areas covered in the DFP and the 'Birkett' competencies (Cowen et al., 2006). With the release of Policy Statement 146 (RG146) by the ASIC, education providers had to meet both FPA requirements and ASIC requirements if they were to give the best outcome for the adviser completing the programs.

CFP professionals meet competency, ethics, and professional practice standards based on an international platform of education, examination, experience, and ethics/professional practice requirements referred to as the 4Es (FPSB, 2010). Topics are typically in areas such as general principles of financial planning, insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.

The FPA has set a requirement of a bachelor's degree as the main entry point for its CFP Program with the following entry pathways:

- i. Approved bachelor's degree, master's degree or higher in financial planning;
- ii. Bachelor's degree, master's degree or higher in a finance-related discipline that has been assessed by the FPA for entry; or
- iii. Bachelor's degree, master's degree or higher in a nonfinance-related discipline PLUS Advanced Diploma of Financial Services (Financial Planning) or FPA Diploma of Financial Planning (FPA Australia, 2010).

4. Methodology

To understand the extent to which private providers are delivering training and education to aspiring financial planners in Australia, an analysis was carried out on the ASIC Training Register. This involved a search of the providers using financial planning specialist knowledge area as the most appropriate criteria. This reflects the RG146 requirement for the completion of courses that meet the relevant training standards for advising on Tier 1 products.

The Training Register enables courses to be sorted by knowledge category/location or by knowledge category/course name for each training provider or by Tier 1/Tier 2 courses. An alphabetical listing of current, relevant providers was defined. Each provider was then classified as being a professional body, a TAFE college,³ a private provider or a university based on the information supplied on the register (see Table 2).

Table 3 further classifies the providers by type of provider and by delivery method. Based on the information included in the register, Table 4 classifies each course using the nomenclature of short course (or nonaward course), diploma, advanced diploma, bachelor degree, and postgraduate degree. This nomenclature (apart from 'short course') follows the Australian Qualifications Framework (AQF) as listed in Table 5.

The second part of the research looked at the number of CFP professionals in Australia and globally. The Financial Planning Standards Board Website was sourced for a report on the global growth in CFP professionals from 1996 to 2009. This data are summarized in

Table 2 ASIC Training Register courses classified by type of provider

| | Classification of provider | | | | Total |
|-------|----------------------------|--------------|------------------|------------|--------|
| | Professional body | TAFE college | Private provider | University | |
| Total | 8 | 10 | 63 | 32 | 113 |
| % | 7.08 | 8.85 | 55.75 | 28.32 | 100.00 |

Adapted from the AQF (<http://www.aqf.edu.au/AbouttheAQF/AQFQualifications/tabid/98/Default.aspx> [accessed October 16, 2009]). The table shows the researcher's classifications of training providers as registered with ASIC for RG146 compliance under the financial planning specialist knowledge area.

Table 6 to illustrate the growth of CFP professionals in Australia, China, the United States, and the total of all the FPSB territories. In addition to the United States, Australia, and China there are 20 other FPSB territories.⁴ While the growth in the number CFP professionals for the United States and Australia has been modest in recent years, approximately three percentage respectively from 2008 to 2009, China has shown significant growth in a relatively short period of time. An analysis of the period 1998–2005 shows a different picture for the US and the total of all FPSB affiliates compared with Australia. The growth in United States CFP professionals has steadily risen from four percentage to seven percentage; total FPSB affiliates growth was 43% in 1998–1999 and then dropped to around 17% to 19% from 1999 to 2003 and then further dropped to seven percentage in the period 2003–2005.

In Australia, the growth in CFP professionals was 31% in 1998–1999 and then declined to negative 0.05% in 2004–2005. Growth from 2005 to 2009 has been just below five percentage. The growth of CFP professionals is illustrated in Fig. 1. Growth has been slowed by the introduction of RG146 by ASIC under licensing requirements of the Corporations

Table 3 ASIC Training Register course details sorted by 'financial planning' knowledge category and delivery method

| Delivery method | Classification of provider | | | | Total |
|------------------------|----------------------------|--------------|------------------|------------|--------|
| | Professional body | TAFE college | Private provider | University | |
| Computer-based | 1 | | 2 | 17 | 20 |
| Distance learning | 7 | 2 | 42 | 16 | 67 |
| Face-to-face | 3 | 4 | 44 | 60 | 111 |
| Individual assessment | 0 | 0 | 13 | 7 | 20 |
| Offsite training room | 0 | 0 | 7 | 0 | 7 |
| On-the-job | 0 | 1 | 2 | 0 | 3 |
| One-on-one supervision | 0 | 0 | 1 | 1 | 2 |
| Onsite training room | 0 | 0 | 7 | 1 | 8 |
| Self-paced | 5 | 0 | 39 | 3 | 47 |
| Web-based | 1 | 0 | 5 | 13 | 19 |
| Total | 17 | 7 | 162 | 118 | 304 |
| % | 5.67 | 1.13 | 53.00 | 39.00 | 100.00 |

Adapted from the ASIC Training Register (available at <http://www ASIC.gov.au/etraining/etrain.nsf> [accessed October 16, 2009]). This table shows the researcher's classification of training providers by delivery method as recorded in the ASIC RG146 Training Register.

Table 4 ASIC Training Register courses sorted by nomenclature for 'financial planning' knowledge category and classified by type of course

| Delivery method | Level of course | | | | | |
|------------------------|----------------------------|---------|---------------------|--------------------|------------------------|--------|
| | Short course (nonaward) | Diploma | Advanced diploma | Bachelor degree | Postgraduate degree | Total |
| Computer-based | | 3 | | 5 | 12 | 20 |
| Distance learning | 23 | 23 | 4 | 8 | 9 | 67 |
| Face-to-face | 24 | 32 | 2 | 42 | 11 | 111 |
| Individual assessment | 3 | 8 | 2 | 4 | 3 | 20 |
| Offsite training room | 3 | 4 | — | | | 7 |
| On-the-job | | 2 | 1 | — | | 3 |
| One-on-one supervision | | | 1 | 1 | | 2 |
| Onsite training room | 4 | 4 | | | | 8 |
| Self-paced | 21 | 22 | 2 | 1 | 1 | 47 |
| Web-based | 3 | 5 | | 5 | 6 | 19 |
| Total | 81 | 103 | 12 | 66 | 42 | 304 |
| % | 26.64 | 33.88 | 3.95 | 21.71 | 13.82 | 100.00 |

Adapted from ASIC Training Register (available at <http://www.asic.gov.au/etraining/etrain.nsf> [accessed October 16, 2009]). This table shows the researcher's classification of training providers into different nomenclatures for each delivery method.

Law and the introduction of diploma and advanced diploma programs in the education marketplace to meet the training requirements for financial planners.

5. Analysis

5.1. ASIC Training Register

Each entry in the ASIC Training Register generally equates to one provider, but in some instances a provider may have more than one entry, such as from different schools or

Table 5 AQF qualification by sector of accreditation

| Schools sector accreditation | Vocational education and training sector accreditation | Higher education sector accreditation |
|---|---|--|
| | | Doctoral degree |
| | | Masters degree |
| | Vocational graduate diploma | Graduate diploma |
| | Vocational graduate certificate | Graduate certificate |
| | | Bachelor degree |
| | | Associate degree |
| | Advanced diploma | Advanced diploma |
| | Diploma | Diploma |
| | Certificate IV | |
| | Certificate III | |
| | Certificate II | |
| Senior secondary certificate of education | Certificate I | |

Adapted from the ASIC Training Register (available at <http://www.asic.gov.au/etraining/etrain.nsf> [accessed October 16, 2009]). This table shows the AQF illustrating the accreditation for each education sector.

Table 6 Global CFP certification growth, 1996–2009

| Country/region | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|---------|---------|
| Australia | 782 | 1,030 | 1,480 | 2,162 | 3,011 | 3,885 | 4,725 | 5,198 | 5,336 | 5,310 | 5,308 | 5,524 | 5,430 | 5,588 |
| China | | | | | | | | | | 0 | 488 | 1,488 | 3,414 | 6,139 |
| USA | 30,129 | 31,939 | 33,120 | 34,656 | 36,307 | 38,408 | 40,375 | 42,973 | 45,755 | 49,117 | 53,031 | 56,511 | 58,830 | 60,634 |
| Total FPSB territories | 1,652 | 7,106 | 10,231 | 17,971 | 22,282 | 27,403 | 33,243 | 40,685 | 43,935 | 47,432 | 51,921 | 55,328 | 59,676 | 65,382 |
| Total of U.S. and FPSB territories | 31,781 | 39,045 | 43,351 | 52,627 | 58,589 | 65,811 | 73,618 | 83,658 | 89,690 | 96,549 | 104,952 | 111,839 | 118,506 | 126,016 |

Source: Adapted from a Financial Planning Standards Board report (available at <https://www.fpsbcommunity.org/site/docs/CertificantGrowth2009.pdf> [accessed June 24, 2010]). This table shows the global growth in the numbers of CFP certificants. Australia, China, and the U.S. are highlighted along with the total number of FPSB affiliates representing 23 countries, including Australia and China.

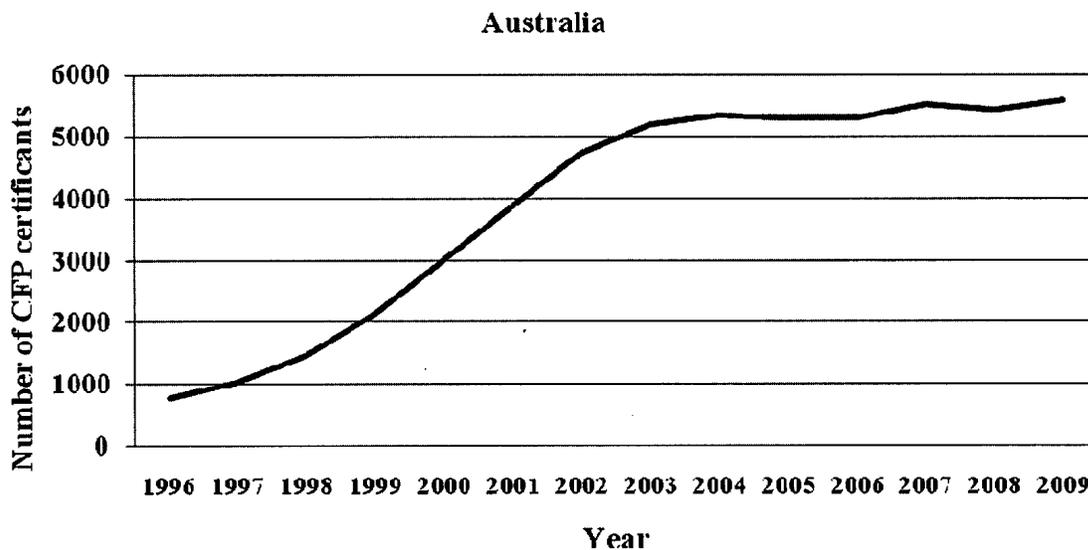


Fig. 1. CFP certificant growth in Australia, 1996–2009.

faculties of a university. Table 2 shows the number of individual provider entries on the ASIC Training Register. Of the 113 entries, 63 (56%) are private providers, 32 (28%) are universities, 10 (nine percentage) are TAFE colleges, and eight (seven percentage) are professional bodies.⁵ This clearly shows the dominance of private providers over universities and state-funded TAFE colleges in delivering RG146 training to financial planners and advisers. However, this does not give any indication of the numbers that are being trained by private providers; it is reasonable to assume that the number of entries in the ASIC register would be indicative of the relative number.

Table 3 looks at the number of courses on the ASIC Training Register sorted by the financial planning specialist knowledge area and by delivery method. This was then sorted by type of training provider. Table 3 shows 162 courses (53%) are delivered by private providers. This compares with 118 courses (39%) delivered by universities. TAFE colleges are very poorly represented with only seven courses (1.13%) being delivered. This is not surprising, as TAFE colleges compete directly with private providers in the certificate, diploma, and advanced diploma markets. Universities are offering courses at undergraduate level (e.g., bachelor degree) and postgraduate levels (e.g., postgraduate diplomas, masters, PhD).

Table 3 shows that university courses are predominantly delivered in a face-to-face mode, with 60 courses (51%) being delivered this way. Private providers deliver only 27% of their courses face-to-face, with 26% delivered by distance learning and 24% by self-paced learning. Private providers are represented by all delivery methods and this indicates the flexibility of their offering.

Table 4 provides another perspective on the type of training being delivered under RG146 requirements. The most prevalent course in terms of the AQF classification is diploma, with 103 courses (34%) being registered. Diploma courses are the domain of TAFE colleges and private providers. However, bachelor degrees and postgraduate degrees (the domain of

universities) make up 22% and 14%, respectively. Our research does not include the actual number of enrolled students or candidates in these courses.

These figures need to be put into context by understanding the total number of Authorised Representatives in Australia. These figures are not readily published, but can be determined from an extensive search and analysis from ASICs Website. It has been reported that there are just over 18,000 financial advisers in Australia working for 749 advisory groups operating more than 8,000 practices (Ripoll, 2009). The 2006–2007 *Money Management* Top 100 dealer group survey (Tyson-Chan 2007) revealed that the total number of Authorised Representatives operating under the auspices of the top 100 dealer groups jumped by 1230 from 14,022 to 15,252 in 2006–2007.

5.2. *The profession*

It appears that financial planning in Australia still operates as an industry. This is evident from the requirement of minimum education standards and the knowledge development within the discipline. It does not appear that the largest representative body of financial planners (advisers) has taken concrete steps in terms of knowledge development. Central to its existence may be the development of financial planning as a profession and to not be perceived as an industry or occupation. In the definition of a profession as accepted in ACCC documentation, the concept that the responsibility for the welfare, health, and safety of the community shall take precedence over other considerations conveys a notion of noble intent towards the public.⁶ This notion of nobility may be crucial for the development and existence of the profession. From a sociological viewpoint, professionalisation can be considered similar to bureaucratisation as an aspect of rationalisation of society (Ritzer, 1975).

The characteristics that are integral for an occupation to be recognized as a profession are highlighted in the seminal work of Weber (1968): power, doctrine, or general systematic knowledge, rational thinking, and vocational qualifications.

For financial planning to be regarded as a profession, the vocational qualifications required for entry need to be differentiated from that of the occupation. A training system that is purely competency based can produce excellent craftsmen who can perform the occupation well. However, to produce professionals, training needs to give way to education that should emphasize financial planning theory and science, where financial planning phenomena are given rational and systematic treatment.⁷ This kind of professional education is more likely to be delivered in higher education programs such as bachelor degrees, master degrees, doctoral, and postdoctoral studies. This is where financial planning bodies have a major role to play in leading the development of financial planning as a profession.

6. **United States comparison**

In the United States, no single law governs the activities of financial planners. Financial planners are primarily regulated as investment advisers by the Securities and Exchange Commission (SEC) and the states, and as such are subject to laws and regulations governing broker-dealers and insurance agents when acting in those capacities. Under these laws, three

types of licenses are required: ‘Investor Adviser Representative,’ ‘Registered Representative’ and ‘Insurance Producer.’ Carrying out a practice of investment advice, the sale of investment securities and the sale of insurance products requires an individual to pass an exam, affiliate with a firm and register with one or more states before conducting business. In addition to this regulation, federal and state agencies regulate marketing and the use of titles and designations that can apply to financial planners.

Importantly, there are no regulated ethical or competency standards for financial planning, although some aspects are regulated by the SEC and other bodies. Financial planners can adopt a variety of titles and designations (such as CFP). The different designations can imply different types of qualifications, but the problem is that consumers may not understand or distinguish among these designations and therefore may be unable to properly assess the qualifications and expertise of financial planners. In the United States, to obtain the CFP designation individuals have to complete a registered education program⁸ and complete the CFP Certification Examination. The CFP Board also has a requirement of a bachelor’s degree (or higher), or its equivalent, in any discipline, from an accredited college or university to attain CFP certification (CFP Board, 2011).

The Government Accountability Office (GAO) released a report to Congress on 18 January 2011 entitled *Regulatory Coverage Exists for Financial Planners, but Consumer Protection Issues Remain* (GAO, 2011). In the absence of statutory or a single definition of financial planning, the report considers financial planning broadly as a process that involves preparing plans for clients based on their financial objectives. It may also involve recommending or providing insurance products, securities or other investments. The GAO confirms that the primary activities a financial planner performs are already generally subject to regulation at the federal or state level covering requirements applicable to investment advisers, broker-dealers, and insurance agents.

One of several recommendations made in the GAO report is that the SEC incorporate into its ongoing review of the financial literacy of investors an assessment of the extent to which investors understand the titles and designations used by financial planners and any implications that lack of such understanding may have for consumers’ investment decisions. In doing so, it should collaborate with state securities regulators in identifying methods to better understand the extent of problems specifically involving financial planners and financial planning services and take actions to address any problems that are identified (GAO, 2011).

Further, the three major financial planning organizations in the United States, the National Association of Personal Financial Advisors, the Financial Planning Association and the Certified Financial Planner Board of Standards Inc., have been working together for the past two years, calling for legislation that will create a national oversight board to set standards and enforce a ‘fiduciary duty’ for financial planners.

7. Summary and conclusion

This paper provides a comprehensive analysis of the training and education of financial planners in Australia under licensing requirements of the regulator. It provides evidence that private providers offering diploma and advanced diploma programs in the VET sector have

captured the training and education agenda of financial advisers. The result of this appears to be that most financial advisers in Australia are qualified at diploma or advanced diploma level.

This outcome would appear contrary to standards set by the profession, which requires a bachelor's degree as a basic entry standard. The Financial Planning Association of Australia has been raising its standards over time and is now at the point where members require a bachelor's degree for entry to the association's highest practitioner designation, CFP. This is a positive development for financial planners and can assist in the development of financial planning as a profession.

Given that there are more than 18,000 licensed financial advisers in Australia, the participation rate of CFP professionals is relatively low with only 5,588 in 2009. On the assumption that many of these CFP professionals most probably qualified for the designation before a bachelor's degree was mandatory, then the numbers of licensed financial advisers with a bachelor's degree or higher is likely to be small.

In comparison, the regulation of financial planners in Australia with respect to education and training requirements is more advanced than in the United States. While some activities of financial planners are regulated, consumers rely on the value of the designation that a financial planner holds. There are numerous designations and they all reflect varying standards. The GAO, in its January 2011 report, fell short of recommending regulation of education and training standards in favor of the SEC including consumer understanding of the various designations as part of its ongoing review.

If we accept that a professional is a person who has more than basic vocational competencies, then it might be concluded that financial planning in Australia is not yet a profession but simply an industry. Furthermore, other elements that differentiate an occupation from a profession are not evident in the practitioner as a general standard to consider financial planning as a profession. The Financial Planning Association of Australia is cognizant that professional education is an important ingredient in establishing the professional reputation and integrity of its members. The FPA (Australia) released a White Paper, titled *Education expectations for professional financial planners*, during its national conference in November 2009 seeking stakeholder feedback. At its 2010 national conference it announced, among other things, that from July 1, 2013, all new members of the FPA would be required to have an approved bachelor's degree (or higher) before acceptance as an Associate Financial Planner. The association already has in place the requirement of a bachelor's degree in financial planning for entry to the CFP certification program.

These initiatives are expected to complement changes in government regulation including the Future of Financial Advice reforms to be introduced from July 1, 2012, the most significant of which include the introduction of a statutory fiduciary duty requiring financial advisers to act in the best interests of their clients, and a prospective ban on conflicted remuneration structures including commissions and volume-based payments.⁹

Notes

1. There are several professional bodies and industry associations in Australia including the major accounting bodies, CPA Australia and the Institute of Chartered Account-

tants in Australia, as well as bodies such as the Association of Financial Advisers, Financial Services Institute of Australasia (FINSIA), Insurance Advisors Association of Australia, National Institute of Accountants, National Insurance Brokers Association, Investment and Financial Services Association, and the Insurance Advisors Association of Australia. However, FPA Australia is generally considered as the body that represents most financial planning professionals.

2. The Certified Financial Planner™ and CFP® marks are owned outside the United States by the Financial Planning Standards Board Ltd. The Financial Planning Association of Australia Ltd is the licensing authority for the marks in Australia under agreement with the FPSB Ltd.
3. Technical and Further Education, also referred to as vocational education and training (VET) in Australia.
4. For a complete list of FPSB territories, go to the FPSB Website (<http://www.fpsb.org/members.html>).
5. Professional bodies' include organizations such as CPA Australia, Institute of Actuaries of Australia; 'TAFE colleges' are state government funded colleges offering generally vocational programs or programs for entry to undergraduate study at university; 'Private providers' are generally registered training organisations (RTOs) regulated by relevant state authorities and generally offering similar competency-based training packages as offered by TAFE colleges; 'Universities' are government funded self-accrediting institutions offering undergraduate and postgraduate coursework and research programs.
6. Professional bodies need to take appropriate action to ensure that their members take their professional responsibilities seriously. The Financial Planning Association of Australia has a vehicle for this with its Code of Ethics and Rules for Professional Conduct.
7. This is adapted from the example of the legal profession as discussed in Weber (1968, pp. 784–785).
8. Candidates can also apply for 'challenge status' if they have a recognized credential such as CPA or CFA, or apply for a review of their academic transcript.
9. See the Australian Government Treasury's *Future of Financial Advice* Website (<http://futureofadvice.treasury.gov.au/content/Content.aspx?doc=home.htm>) for further reading.

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